

Exhibit No.:

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Cost of Service
& Rate Design
Meisenheimer/
Supplemental Direct
Public Counsel
ER-2006-0314

SUPPLEMENTAL

DIRECT TESTIMONY

OF

BARBARA A. MEISENHEIMER

Submitted on Behalf of the Office of the Public Counsel

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2006-0314

September 8, 2006

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Kansas)
City Power & Light Company for
Approval to Make Certain Changes in its
Charges for Electric Service to Begin the)
Implementation of Its Regulatory Plan

ER-2006-0314

AFFIDAVIT OF BARBARA A. MEISENHEIMER


STATE OF MISSOURI

SS

COUNTY OF COLE

Barbara A. Meisenheimer, of lawful age and being first duly sworn, deposes and states:


1. My name is Barbara A. Meisenheimer. I am Chief Utility Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my supplemental direct testimony consisting of **3 page, schedule BAM-revDir TOU pages. 1-3 and schedule BAM-revDir pages 1-3.**
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.


Barbara A. Meisenheimer

Subscribed and sworn to me this 8th day of September 2006.



JERENE A. BUCKMAN
My Commission Expires
August 10, 2009
Cole County
Commission #05754036


Jerene A. Buckman
Notary Public

My Commission expires August 10, 2009.

SUPPLEMENTAL DIRECT TESTIMONY

OF

BARBARA MEISENHEIMER

KANSAS CITY POWER & LIGHT

CASE NO. ER-2006-0314

1 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2 A. Barbara A. Meisenheimer, Chief Utility Economist, Office of the Public Counsel,
3 P. O. 2230, Jefferson City, Missouri 65102.

4 **Q. HAVE YOU TESTIFIED PREVIOUSLY IN THIS CASE?**

5 A. Yes, I submitted direct testimony on cost of service and rate design issues on
6 August 22, 2006.

7 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT TESTIMONY?**

8 A. The purpose of my supplemental testimony is to present Public Counsel's updated
9 class cost of service (CCOS) studies and rate design recommendations.

10 **I. CLASS COST OF SERVICE STUDY AND RATE DESIGN EXAMPLES**

11
12 **Q. HAVE YOU UPDATED YOUR CLASS COST STUDY?**

1 A. Yes. I made four changes to the CCOS studies that I submitted in direct
2 testimony. Please recall that I originally prepared two CCOS studies. The first
3 study uses the same method of allocating energy and demand related costs as I
4 have used in recent cases before the Commission. The second CCOS study
5 illustrates the results of replacing our traditional allocators with new allocators
6 based on Time of Use (TOU).

7 The first change to my studies corrects an error in the class allocation of
8 depreciation reserve associated with lighting costs contained in FERC Account
9 373. The second change to my studies adjusts for an error in the lighting class
10 revenues reported by Staff. The last two changes I made to my studies alter the
11 allocation weights used to apportion the primary and secondary plant costs for
12 FERC Distribution Plant Accounts 364-368.

13 The updated results of the traditional study are provided in Schedule BAM-
14 revDIR Page 1. Updated illustrative rate design examples associated with the
15 traditional allocators are provided in Schedule BAM-revDIR Page 2 and Schedule
16 BAM-revDIR Page 3. The updated TOU cost of service study results are
17 provided in Schedule BAM-revDIR TOU Page 1. Corresponding updated
18 illustrative rate design examples are provided in BAM-revDIR TOU Page 2 and
19 Schedule BAM-revDIR TOU Page 3.

20 **Q. PLEASE DISCUSS THE IMPACT OF THE CHANGES ON YOUR CLASS COST OF**
21 **SERVICE RESULTS.**

22 A. The most obvious impact is associated with the correction to Staff's reported
23 Lighting revenues that I used in my studies. The correction brought the Lighting
24 Class revenues much closer to its costs: about 1 ½% over or under for my study
25 that relied on the non-TOU allocator and about 6% over or under for the TOU

1 study. The Residential Class is a little more than 2% below cost of service based
2 on my TOU study and about 5% from cost of service according to the study that
3 reflects the traditional method of allocating production cost. According to both
4 updated studies, the small and medium general service classes are well above cost
5 of service while the large general service class is just above cost of service.
6 Finally, the large power and special contract classes are significantly below cost
7 of service.

8 **Q. Do the results alter your rate design recommendation?**

9 A. Generally no. The method of first limiting revenue neutral shifts to $\frac{1}{2}$ the
10 difference between cost of service and second moderating the combined impact of
11 any overall revenue increase in revenue and a revenue neutral shift has not
12 changed.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A. Yes.